

PRESS RELEASE

CONSOLIDATED RESULTS AS AT 30 JUNE 2024

- **1H24 CONSOLIDATED NET PROFIT OF €724.2 MN**
- **CORE REVENUES¹ OF €2,697.2 MN, +7.0% ON 1H23**
- **NET INTEREST INCOME UP AT €1,682.5 MN (+8.9% H/H) AND NET COMMISSION INCOME UP AT €1,014.7 MN (+4.0% H/H) MAINLY THANKS TO AuM FEES (+13.4% H/H)**
- **OPERATIONAL EFFICIENCY CONFIRMED, WITH COST/INCOME RATIO² OF 50.6%**
- **CREDIT QUALITY CONFIRMED, WITH GROSS NPE RATIO AT 2.8% AND NET NPE RATIO AT 1.3%**
- **HIGH TOTAL NPL COVERAGE OF 53.3% VS. 52.5% AT END-2023, ONE OF THE HIGHEST IN ITALY**
- **ANNUALISED COST OF RISK³ AT 41 BPS FOR THE FIRST HALF, DOWN FROM 48 BPS IN FY23**
- **ORGANIC GENERATION OF CAPITAL FURTHER REINFORCING CAPITAL EVOLUTION, WITH A CET1 RATIO⁴ OF 15.3%**
- **MAJOR VALUE CREATION FOR SHAREHOLDERS WITH 1H24 EPS⁵ OF €0.512**
- **SOUND LIQUIDITY POSITION WITH LCR AT 161% AND NSFR AT 135% (AFTER REPAYMENT OF €16 BN WORTH OF TLTRO FUNDING IN 2023/2024)**
- **WELL ON OUR WAY TO DELIVERING 2024 YEAR-END AMBITIONS**
- **THE NEW BUSINESS PLAN WILL BE PRESENTED IN MILAN ON 10 OCTOBER**

Modena – 7 August 2024. The Board of Directors of BPER Banca (the “**Bank**”), chaired by **Fabio Cerchiai**, at its meeting yesterday afternoon, 6 August 2024, examined and approved the Bank separate and Group consolidated results as at 30 June 2024.

The macroeconomic picture in the first quarter of 2024 was characterised by limited growth in economic activity in Italy and the euro area, with the most recent estimates⁶ suggesting that it would have continued to increase at a modest pace in the second quarter, mainly due to the momentum of Spain, France and Italy, still sustained by growth in services, while manufacturing would have continued to be weak. Ongoing global disinflation is boosting household purchasing power with a consequent positive outlook for consumption, albeit against a background of high geopolitical uncertainty. Against this backdrop, the business and organisational strategy deployed so far has made it possible to deliver positive operating results. The favourable trend in commercial spread continued to benefit from the supportive level of market interest rates. The Bank has achieved excellent results year to date, primarily on the back of the contribution from net interest income and net commissions. As at 30 June 2024, consolidated net profit amounted to €724.2 mn, after having expensed €109.6 mn in contributions to the banking system funds in the 6M period. Our sound credit quality was confirmed in this first half of the year, with the NPE ratio settling at 2.8% gross (1.3% net), which sees us positioned as best in class in the Italian banking industry. The annualised cost of credit stands at 41 bps, down from 48 bps registered at the end of 2023, and NPL coverage is now at 53.3%, up from the year-end level of 52.5%.

The Bank’s capital and liquidity profiles remain strong thanks to the organic generation of capital which drives the CET1 ratio⁷ to 15.3%. The same applies to the Bank’s liquidity position, with regulatory ratios being broadly in excess of the minimum thresholds required, even after the €1.7 bn repayment of the last TLTRO funding tranche in March 2024.

Gianni Franco Papa, Chief Executive Officer, commented: *“The activity in the six-month period bears witness to the commitment of all colleagues towards a constant and steady value generation. All divisions have been contributing, both in terms of revenues and through strict cost discipline. Credit risk indicators continue to remain at conservative levels. The Bank’s capital position and liquidity levels remain high, also thanks to the continuous generation of capital, which allows us to confidently manage a macro-economic scenario that is marked by great uncertainty. We are working to define our new Business Plan which, together with the management team, we will present in Milan on 10th October 2024. It will be a growth-driven plan enabling us to continue generating value for all our stakeholders”.*

Consolidated income statement: key figures

Since the first quarter of 2024, the Reclassified Income Statement has been affected by the following restatements: 1) Gains (losses) of equity investments measured under the equity method are presented as a separate line in Operating Income (former Gains (Losses) on investments), 2) Contributions to the SRF, DGS and FITD-SV funds are shown under Profit (Loss) from current operations, 3) Other minor reclassifications of individual cost/income items (as per the itemised description in the Notes). In the interest of comparability of results, similar reclassifications have been made for the comparative reporting periods.

Net Interest Income totalled €1,682.5 mn (+8.9% H/H) primarily on the back of the commercial spread arising from the interest rate environment.

Net commission income⁸ totalled €1,014.7 mn (+4.0% H/H), with investment service fees at €427.1 mn (+8.2% H/H), non-life insurance commissions at €49.9 mn (+37.8% H/H) and fees and commissions on traditional banking at €537.8 mn (-1.3% H/H).

Dividends at €37.1 mn (+47.6% H/H), of which €11.1 mn from Bank of Italy stake and €11.8 mn from Arca Vita. **Net income from financial activities** amounted to €10.3 mn compared to €53.9 mn in 1H23; funding through certificates had an impact of €-39.8 mn compared to €-16.1 mn in 1H23.

As a result of the dynamics described above, **operating income**⁹ totalled €2,758.1 mn (+4.1% H/H), driven by increased core revenues¹⁰, amounting to €2,697.2 mn (+7.0% H/H).

Operating costs amounted to €1,569.7 mn vs €1,340.2 mn in 1H23. More specifically:

- **staff costs**¹¹ amounted to €1,060.2 mn and include €173.8 mn in costs relating to the extension of the workforce optimisation manoeuvre aimed at accepting approximately 600 additional early retirement applications to supplement the agreement signed on 23 December 2023;
- **other administrative expenses**¹² amounted to €377.3 mn vs €365.1 mn in 1H23.
- **net adjustments to property, plant, equipment and intangible assets** amounted to €132.3 mn vs. €115.0 mn in 1H23.

The adjusted **cost/income ratio**¹³ for 1H24 was 50.6%, flat H/H

The annualised **cost of risk** stands at 41 bps, down from 48 bps in FY23; the loan book features a low rate of net NPE inflows and high coverage levels. The overlays applied amounted to €221.9 mn. **Net impairment losses for credit risk** amounted to €175.1 mn (-34.1% H/H).

Gains (Losses) on investments amounted to €151.3 mn in 1H24, including the positive gross capital gain of €150.1. mn related to the disposal of the NPE servicing platform to the Gardant Group.

Contributions to the Banking System funds amount to €109.6 mn, reflecting the contribution to the Deposit Guarantee Scheme, which is in line with the 2023 amount.

After deducting **income tax**, totalling €302.8 mn, and **profit for the period pertaining to minority interests** amounting to €17.0 mn, **profit for the period pertaining to the Parent Company** totalled €724.2 mn.

Consolidated balance sheet: key figures

Unless otherwise specified, percentage changes refer to figures being compared with data as at 31/12/23.

Total Financial Assets amounted to €298.7 bn, up 2.9% on end-2023.

Direct deposits from customers¹⁴ settled at €117.6 bn (-1.0% since the end of 2023). The main driver of lower deposits was the decline in current accounts in the first half (€-1.6 bn), compensated by the positive performance of term deposits (€+0.5 bn), certificates of deposit (€+0.6 bn) and certificates (€+0.4 bn). The stock of certificates settled at €2.4 bn, up 20.0% on the end-2023 stock of €2.0 bn. As for bonds issued, the stock as at 30 June 2024 totalled €9.5 bn, substantially below the level as at the end of 2023 (€11.2 bn): in February the Bank successfully placed its first Senior Preferred Bond issuance qualifying as green in accordance with the Group's Green, Social and Sustainability (GSS) Bond Framework, targeting institutional investors. The issuance, with 6-year maturity and a call after year 5, was allocated for an amount of €500 mn. In March, a fixed rate, 7-year maturity Covered Bond issuance was placed for an amount of €500 mn, targeting institutional investors. In May, BPER Banca successfully placed its second Senior Preferred Bond issuance qualifying as green, targeting institutional investors. The issuance, with 7-year maturity and a call after year 6, was allocated for an amount of €500 mn.

Assets under Management, totalling €68.6 bn, were up 5.1%, **Assets under Custody**, amounting to €91.4 bn, were up 7.3% and **life insurance policies**, totalling €21.2 bn, were up 0.5%.

Net loans to customers amounted to €89.0 bn (€90.9 bn gross), up 0.8% since end-2023.

The **loan to deposit ratio** settled at 75.7% as at 30 June 2024 (vs. 74.3% at end-2023)

The disciplined approach to non-performing loan management has enabled the Bank to achieve high asset quality standards: the share of gross non-performing loans to customers (**gross NPE ratio**) is 2.8% (vs. 2.4% at the end of 2023), whereas the share of net non-performing loans to customers (**net NPE ratio**) is 1.3% (1.2% as at the end of 2023).

The coverage ratio for total non-performing loans rose to 53.3% (from 52.5% at the end of 2023); performing loan coverage settled at 0.72% (vs. 0.74% at the end of 2023) and Stage 2 loan coverage was 5.35% (up from 5.05% at the end of 2023).

Financial assets, totalling €26.5 bn, account for 19.0% of total assets. Within the aggregate, debt securities amount to €24.5 bn (92.5% of the total portfolio) with duration of 2.0 years including hedging and comprise €13.4 bn worth of bonds issued by governments and other supranational public entities, of which €8.9 bn of Italian government bonds, down 13.0% Y/Y.

Total shareholders' equity amounts to €10,367.9 mn, with minority interests accounting for €191.8 mn. **Group consolidated shareholders' equity**, including profit for the period, amounts to €10,176.1 mn. It is noted that on 9 January 2024, the Bank successfully placed an Additional Tier 1 perpetual bond issuance, callable from year 5, for a total principal amount of €500 mn.

With regard to the Bank's **liquidity position**, the LCR ("Liquidity Coverage Ratio") was 161.4% as at 30 June 2024, after the €1.7 bn repayment of the last TLTRO tranche at the end of March, whereas the NSFR ("Net Stable Funding Ratio") amounted to 134.6%.

Group structure highlights as at 30 June 2024

The BPER Banca Group is present in twenty regions of Italy with a network of 1,634 bank branches (in addition to the Luxembourg head office of BPER Bank Luxembourg S.A.).

Group employees total 20,072 as compared to a headcount of 20,224 at year-end 2023.

Capital Ratios

Reported below are the capital ratios as at 30 June 2024:

- Common Equity Tier 1 (CET1) ratio¹⁵ of 15.3% (14.5% as at 31 December 2023);
- Tier 1 ratio¹⁶ of 16.5% (14.7% at 31 December 2023);
- Total Capital Ratio¹⁷ of 19.8% (18.1% as at 31 December 2023).

Ratings

With regard to the ratings assigned to the Bank, it should be noted that, on 18 March 2024, the ratings agency S&P Global Ratings assigned a Long-Term Issuer Credit Rating of “BBB-”, with a Positive Outlook, and a Short-Term Issuer Credit rating of “A-3”. The new investment grade rating by S&P Global Ratings confirms the steady improvement in the Bank’s financial strength, sound credit quality, robust capitalisation, profitability, strong funding and liquidity position. On 27 May 2024, Moody’s Ratings upgraded the Bank’s standalone Baseline Credit Assessment (BCA) from “ba1” to “baa3” investment grade, driving a similar upgrade of the issuer and senior unsecured debt ratings, both up from “Ba1” to “Baa3”. Moody’s acknowledged the Bank’s increased ability to generate profits, improved capitalisation, good asset quality and a robust funding and liquidity position. Finally, on 17 June 2024, the ratings agency Morningstar DBRS revised the Bank’s Trend from Stable to Positive, confirming all key ratings in the investment grade category. The positive rating action reflected the improvement in the Bank’s ability to generate recurring earnings, improved operating efficiency and lower credit costs.

All key ratings assigned to the Bank by the various ratings agencies are now Investment Grade.

Outlook for operations

Global economy continued to improve in the spring still driven by services, but with manufacturing also showing signs of strengthening. Consumption keeps growing in the United States while the labour market is somehow shrinking; industrial activity is expanding in China, while domestic demand remains weak and the real estate crisis continues to weigh on economic performance. International trade is slightly accelerating after a modest growth in the first quarter. The central banks of the main advanced economies outside the Euro area kept their policy rates unchanged. The outlook for the world economy is for growth of around 3.2% in 2024¹⁸, thanks to the process of reducing inflation and the recovery of exports.

In the first quarter of 2024, euro area GDP regained ground, with growth in services and construction as opposed to a decline in manufacturing. Net foreign demand was the main contributor, joined by a modest contribution from household consumption; investment decreased, with the exception of the construction sector. According to the ECB projections¹⁹ published in June, annual average real GDP growth in the euro area is expected to be 0.9% in 2024, and to strengthen to 1.4% in 2025 and 1.6% in 2026. Preliminary data for the second quarter of 2024 confirm the growth of the Eurozone economy, driven in particular by Spain, which shows the strongest momentum, followed by France, while Germany is again facing a contraction. In June, the ECB Governing Council cut the key interest rates by 25 bps, after they had remained unchanged at high levels in the previous nine months. The decision was based on an updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission. The Council reiterated its determination to ensure that inflation returns to its medium-term target in a timely manner, by keeping policy rates sufficiently restrictive for as long as necessary.

With reference to the Italian economic situation, following moderate growth in the first quarter of the year, Italian GDP

continued to expand in the spring although at a slower pace according to the estimates²⁰, still marking the fourth consecutive quarter of cyclical growth. GDP was buoyed again by services, particularly tourism. By contrast, activity declined in construction, manufacturing and agriculture. On the demand side, further growth in exports and positive signs in consumption in the first quarter were associated with a less dynamic net foreign demand and a further expansion of domestic demand, net of inventories, in the second quarter. Acquired growth for 2024, according to the Italian National Institute of Statistics, ISTAT, stands at 0.7%. Italian GDP is currently estimated to increase at an average annual rate of around 1.0% over the three-year period 2024-2025-2026²¹.

For the financial year 2024, the Bank has updated its guidance²² as compared to the results as at the end of 2023, showing a stable NII, positive dynamics in net commission income on the back of growing revenues from asset management and advisory services, and operating costs slightly up on 2023.

On the asset quality front, the expectation is to maintain a slightly improving cost of risk with respect to 2023. Adjusted net profit is expected to be in line with 2023, net of the effect of DTAs. The Bank's capital strength is expected to be confirmed and strengthened.

The Half Year Report of the BPER Group as at 30 June 2024, inclusive of the Independent Auditors' Limited Review report, will be available at the Bank's head office, on the Bank's website (www.bper.it and group.bper.it), as well as on the websites of Borsa Italiana S.p.A. and of the authorised storage platform (www.1info.it), as required by law. Note: the auditors have not yet completed their review.

As a complement to the information provided in this press release, attached please find the consolidated Balance Sheet and Income Statement (quarterly breakdown and reclassified) as at 30 June 2024, in addition to a summary of key financial indicators.

Modena, 7 August 2024

**The Chief Executive Officer
Gianni Franco Papa**

The Manager responsible for preparing the Company's financial reports, Marco Bonfatti, declares, pursuant to art. 154-bis, paragraph 2, of Legislative Decree no. 58/1998 (Consolidated Law on Finance), that the accounting information contained in this press release corresponds to the underlying documentary evidence, books and accounting records.

Modena, 7 August 2024

**The Manager responsible for preparing
the company's financial reports
Marco Bonfatti**

A conference call to illustrate the consolidated results of the BPER Banca Group as at 30 June 2024 will be held today at 10 a.m. (CET).

The conference call will be hosted in English by the Chief Executive Officer, Gianni Franco Papa.

To participate in the conference call, please register [here](#) for access details. Registration will add the event to your calendar.

As an alternative, please use the dial-in numbers below according to your location:

ITALY: +39 02 8020911
UK: +44 1 212818004
USA: +1 718 7058796

The audio webcast will be available at the following [link](#). A set of slides to support the presentation will be made available on the Bank's website group.bper.it in the Investor Relations section, shortly before the start of the conference call.

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This press release is also available in the 1INFO storage system.

Notes

¹ Net interest income plus net commission income.

² The cost/income ratio is calculated on the basis of the reclassified income statement (operating costs/operating income), excluding €173.8 mn booked as a non-recurring item in the second quarter of 2024 under Staff costs in relation to the integration of the workforce optimisation manoeuvre aimed at accepting 600 additional early retirement applications received under the agreement signed on 23 December 2023.

³ The cost of risk is calculated on an annualised basis for the reporting period.

⁴ The capital ratios were calculated by including profit for the period for the portion not allocated to dividends, thus bringing forward the effects of the ECB's authorisation to include these profits in Own Funds pursuant to art. 26, para. 2 of the CRR.

⁵ Basic EPS as at 30 June 2024 is €0.512 and Diluted EPS is €0.500.

⁶ Bank of Italy, Economic Bulletin no. 3, 12 July 2024. ECB, Monetary policy statement, 18/7/24.

⁷ See Note 4.

⁸ Based on the same overall net profitability, the margins in the Income Statement as at 30 June 2024 were affected by the reclassification of some cost/income components. More specifically, in the first half: i. Net commissions income included €16.2 mn worth of charges for payment services provided (former Other administrative expenses); ii. Other administrative expenses were offset within the same item by €8.3 mn in recovery of costs for services ancillary to lending (former Commission income); iii. Staff costs included €9.1 mn in business trips and training charges (former Other administrative expenses); iv. gross effects from the use of provisions for risks and charges set aside in prior periods (former Other operating expenses/Reversal of provisions for risks and charges) were directly offset within the same item by €17 mn. In the interest of comparability of results, similar reclassifications have been made for the comparative reporting periods.

⁹ See Note 8.

¹⁰ See Note 1.

¹¹ See Note 8.

¹² See Note 8.

¹³ See Note 2.

¹⁴ Includes amounts due to customers, debt securities issued and financial liabilities designated at fair value.

¹⁵ See Note 4.

¹⁶ See Note 4.

¹⁷ See Note 4.

¹⁸ IMF, World Economic Outlook, update, July 2024.

¹⁹ ECB – [ECB Eurosystem staff macroeconomic projections for the euro area countries](#), June 2024.

²⁰ See Note 6.

²¹ ISTAT, Quarterly accounts, II Quarter 2024, Preliminary estimate of GDP, 30 July 2024; Bank of Italy - Economic Bulletin No. 3 of 12 July 2024: Italian GDP is expected to grow moderately by 0.6% in 2024 (0.8% not adjusted for the calendar effect due to number of working days), to then accelerate slightly to 0.9 % in 2025 and 1.1 % in 2026.

²² Guidance is based on adjusted figures. The 2023 net profit figure does not include the impact from deferred tax assets on loan losses totalling €380 million. The 2024 net profit figure does not include €150.1 mn in gains from disposal of the equity investment in the servicing platform relating to the management and recovery of loans classified as unlikely to pay (UTP) and non-performing (NPL), and €-173.8 mn booked in the second quarter of 2024 under Staff costs, related to the integration of the workforce optimisation manoeuvre and its overall tax effect amounting to €+50.1 mn.

Reclassified financial statements as at 30 June 2024

For greater clarity in the presentation of the results for the period, the accounting schedules envisaged by the 8th update of Bank of Italy Circular no. 262/2005 have been reclassified as follows.

In the balance sheet:

- debt securities valued at amortised cost (item 40 *“Financial assets measured at amortised cost”*) have been reclassified under item *“Financial assets”*;
- loans mandatorily measured at fair value (included in item 20 c) *“Financial assets measured at fair value through profit or loss - other financial assets mandatorily measured at fair value”*) have been reclassified to the item *“Loans”*;
- the item *“Other assets”* includes items 110 *“Tax assets”*, 120 *“Non-current assets and disposal groups classified as held for sale”* and 130 *“Other assets”*;
- the item *“Other liabilities”* includes items 60 *“Tax liabilities”*, 80 *“Other liabilities”*, 90 *“Employee termination indemnities”* and 100 *“Provisions for risks and charges”*.

In the income statement:

- the item *“Net commission income”* includes commission on placement of Certificates, allocated for accounting purposes to item 110 *“Net income on other financial assets and liabilities measured at fair value through profit or loss”* of the accounting schedule (Euro 11.1 million at 30 June 2024 and Euro 12.6 million at 30 June 2023);
- the item *“Net income from financial activities”* includes items 80, 90, 100 and 110 of the accounting schedule, net of commission on placement of Certificates mentioned above;
- the item *“Gains (losses) of equity investments measured under the equity method”* includes the Parent Company’s share of any gains (losses) of equity investments consolidated under the equity method, allocated to item 250 *“Gains (Losses) of equity investments”* in the accounting statement;
- indirect tax recoveries, allocated for accounting purposes to item 230 *“Other operating expense/income”* have been reclassified as a reduction in the related costs under *“Other administrative expenses”* (Euro 151 million at 30 June 2024 and Euro 136.2 million at 30 June 2023);
- recoveries of costs of appraisals for new loans, allocated for accounting purposes to item 230 *“Other operating expense/income”*, have been reclassified as a reduction in related costs under *“Other administrative expenses”* (Euro 8.3 million at 30 June 2024 and Euro 6.6 million at 30 June 2023);
- the item *“Staff costs”* includes costs relating to staff training and refund of expenses against receipts, allocated to item 190 b) *Other administrative expenses* in the accounting statement (Euro 9.1 million at 30 June 2024 and Euro 10.9 million at 30 June 2023);
- the item *“Net adjustments to property, plant, equipment and intangible assets”* includes items 210 and 220 of the accounting statement;
- gross effects from the use of provisions for risks and charges set aside in prior periods (former *Other operating expense/Reversal of provisions for risks and charges*) were directly offset within the same item by Euro 17 million;
- the item *“Gains (Losses) on investments”* includes items 250, 260, 270 and 280 of the accounting statement, net of the Parent Company’s share of any gains (losses) of equity investments consolidated under the equity method, reclassified as a separate item;
- the item *“Contributions to the DGS, SRF and IDPF-VS funds”* has been shown separately from the specific accounting technical forms to give a better and clearer representation, as well as to have the *“Other administrative expenses”* better reflect the trend in the Group’s operating costs. In particular, at 30 June 2024, this item represents the component allocated for accounting purposes to administrative expenses in relation to the 2024 contribution to the DGS (Deposit Guarantee Fund) for an amount of Euro 109.6 million.

It should also be noted that the Reclassified Income Statement reflects the additional reclassification already adopted in the accounting statement with regard to ‘charges for payment services provided’ that were reclassified from *“Other administrative expenses”* to *“Net commissions”* (Euro 16.2 million at 30 June 2024, Euro 13.2 million at 30 June 2023).

Reclassified consolidated balance sheet as at 30 June 2024

Assets	(in thousands)			
	30.06.2024	31.12.2023	Change	% Change
Cash and cash equivalents	8,554,396	10,085,595	(1,531,199)	-15.18
Financial assets	26,538,260	28,600,425	(2,062,165)	-7.21
a) Financial assets held for trading	733,943	672,598	61,345	9.12
b) Financial assets designated at fair value	-	1,991	(1,991)	-100.00
c) Other financial assets mandatorily measured at fair value	771,655	762,059	9,596	1.26
d) Financial assets measured at fair value through other comprehensive income	5,121,297	6,859,241	(1,737,944)	-25.34
e) Debt securities measured at amortised cost	19,911,365	20,304,536	(393,171)	-1.94
- banks	6,026,571	6,721,529	(694,958)	-10.34
- customers	13,884,794	13,583,007	301,787	2.22
Loans	90,673,108	89,993,197	679,911	0.76
a) Loans to banks	1,573,342	1,661,081	(87,739)	-5.28
b) Loans to customers	88,962,488	88,224,354	738,134	0.84
c) Loans mandatorily measured at fair value	137,278	107,762	29,516	27.39
Hedging derivatives	953,186	1,122,566	(169,380)	-15.09
Equity investments	458,035	422,046	35,989	8.53
Property, plant and equipment	2,538,849	2,456,850	81,999	3.34
Intangible assets	675,890	648,981	26,909	4.15
- of which: goodwill	170,018	170,018	-	-
Other assets	9,005,629	8,798,699	206,930	2.35
Total assets	139,397,353	142,128,359	(2,731,006)	-1.92

Liabilities and shareholders' equity	(in thousands)			
	30.06.2024	31.12.2023	Change	% Change
Due to banks	5,334,790	7,754,450	(2,419,660)	-31.20
Direct deposits	117,564,754	118,766,662	(1,201,908)	-1.01
a) Due to customers	104,378,673	104,854,552	(475,879)	-0.45
b) Debt securities issued	10,775,256	11,902,469	(1,127,213)	-9.47
c) Financial liabilities designated at fair value	2,410,825	2,009,641	401,184	19.96
Financial liabilities held for trading	286,473	300,955	(14,482)	-4.81
Hedging	93,409	111,374	(17,965)	-16.13
a) Hedging derivatives	237,356	266,558	(29,202)	-10.96
b) Change in value of macro-hedged financial liabilities (+/-)	(143,947)	(155,184)	11,237	-7.24
Other liabilities	5,750,023	5,629,441	120,582	2.14
Minority interests	191,819	199,328	(7,509)	-3.77
Shareholders' equity pertaining to the Parent Company	10,176,085	9,366,149	809,936	8.65
a) Valuation reserves	170,588	151,396	19,192	12.68
b) Reserves	5,302,571	4,206,666	1,095,905	26.05
c) Equity instruments	645,249	150,000	495,249	330.17
d) Share premium reserve	1,237,512	1,236,525	987	0.08
e) Share capital	2,104,316	2,104,316	-	-
f) Treasury shares	(8,323)	(2,250)	(6,073)	269.91
g) Profit (Loss) for the period	724,172	1,519,496	(795,324)	-52.34
Total liabilities and shareholders' equity	139,397,353	142,128,359	(2,731,006)	-1.92

Reclassified consolidated income statement as at 30 June 2024

Items		(in thousands)			
		30.06.2024	30.06.2023	Change	% Change
10+20	Net interest income	1,682,472	1,544,969	137,503	8.90
40+50	Net commission income	1,014,738	975,858	38,880	3.98
70	Dividends	37,093	25,135	11,958	47.58
###	Gains (losses) of equity investments measured under the equity method	(1,271)	16,677	(17,948)	-107.62
80+90+100+110	Net income from financial activities	10,293	53,948	(43,655)	-80.92
230	Other operating expense/income	14,725	32,639	(17,914)	-54.89
	Operating income	2,758,050	2,649,226	108,824	4.11
190 a)	Staff costs	(1,060,157)	(860,041)	(200,116)	23.27
190 b)	Other administrative expenses	(377,266)	(365,109)	(12,157)	3.33
210+220	Net adjustments to property, plant and equipment and intangible assets	(132,250)	(115,017)	(17,233)	14.98
	Operating costs	(1,569,673)	(1,340,167)	(229,506)	17.13
	Net operating income	1,188,377	1,309,059	(120,682)	-9.22
130 a)	Net impairment losses to financial assets at amortised cost	(174,447)	(269,330)	94,883	-35.23
	- loans to customers	(180,864)	(271,225)	90,361	-33.32
	- other financial assets	6,417	1,895	4,522	238.63
130 b)	Net impairment losses to financial assets at fair value	(44)	498	(542)	-108.84
140	Gains (Losses) from contractual modifications without derecognition	(655)	2,896	(3,551)	-122.62
	Net impairment losses for credit risk	(175,146)	(265,936)	90,790	-34.14
200	Net provisions for risks and charges	(11,005)	(65,386)	54,381	-83.17
250+260+ 270+280	Gains (Losses) on investments	151,327	(7,346)	158,673	--
	Profit (Loss) from current operations	1,153,553	970,391	183,162	18.88
###	Contributions to SRF, DGS, IDPF - VS	(109,564)	(49,484)	(60,080)	121.41
290	Profit (Loss) before tax	1,043,989	920,907	123,082	13.37
300	Income taxes for the period	(302,812)	(201,396)	(101,416)	50.36
330	Profit (Loss) for the period	741,177	719,511	21,666	3.01
340	Profit (Loss) for the period pertaining to minority interests	(17,005)	(14,960)	(2,045)	13.67
350	Profit (Loss) for the period pertaining to the Parent Company	724,172	704,551	19,621	2.78

Income Statement figures as at 30 June 2023 have been restated as a result of the reclassification of some cost/income components.

Reclassified consolidated income statement by quarter as at 30 June 2024

Items	(in thousands)					
	1st quarter 2024	2nd quarter 2024	1st quarter 2023	2nd quarter 2023	3rd quarter 2023	4th quarter 2023
Net interest income	843,620	838,852	725,989	818,980	836,548	870,300
Net commission income	498,723	516,015	496,246	479,612	476,250	517,178
Dividends	4,882	32,211	2,223	22,912	4,810	939
Gains (losses) of equity investments measured under the equity method	(4,118)	2,847	11,546	5,131	426	6,853
Net income from financial activities	13,968	(3,675)	50,882	3,066	41,627	4,467
Other operating expense/income	4,099	10,626	33,220	(581)	4,984	63,114
Operating income	1,361,174	1,396,876	1,320,106	1,329,120	1,364,645	1,462,851
Staff costs	(437,692)	(622,465)	(429,175)	(430,866)	(385,477)	(755,879)
Other administrative expenses	(188,567)	(188,699)	(179,602)	(185,507)	(181,573)	(224,541)
Net adjustments to property, plant and equipment and intangible assets	(63,044)	(69,206)	(57,161)	(57,856)	(59,039)	(89,508)
Operating costs	(689,303)	(880,370)	(665,938)	(674,229)	(626,089)	(1,069,928)
Net operating income	671,871	516,506	654,168	654,891	738,556	392,923
Net impairment losses to financial assets at amortised cost	(92,223)	(82,224)	(142,411)	(126,919)	(95,351)	(71,580)
- loans to customers	(94,977)	(85,887)	(141,199)	(130,026)	(82,577)	(71,781)
- other financial assets	2,754	3,663	(1,212)	3,107	(12,774)	201
Net impairment losses to financial assets at fair value	(1,049)	1,005	(31)	529	(817)	262
Gains (Losses) from contractual modifications without derecognition	(184)	(471)	1,905	991	424	(314)
Net impairment losses for credit risk	(93,456)	(81,690)	(140,537)	(125,399)	(95,744)	(71,632)
Net provisions for risks and charges	(4,659)	(6,346)	(57,088)	(8,298)	(4,093)	6,998
Gains (Losses) on investments	149,347	1,980	578	(7,924)	23,301	(74,816)
Profit (Loss) from current operations	723,103	430,450	457,121	513,270	662,020	253,473
Contributions to SRF, DGS, IDPF - VS	(111,822)	2,258	(69,530)	20,046	(125,753)	13,996
Profit (Loss) before tax	611,281	432,708	387,591	533,316	536,267	267,469
Income taxes for the period	(145,029)	(157,783)	(88,249)	(113,147)	(145,968)	174,490
Profit (Loss) for the period	466,252	274,925	299,342	420,169	390,299	441,959
Profit (Loss) for the period pertaining to minority interests	(8,976)	(8,029)	(8,667)	(6,293)	(7,780)	(9,533)
Profit (Loss) for the period pertaining to the Parent Company	457,276	266,896	290,675	413,876	382,519	432,426

Consolidated balance sheet as at 30 June 2024

	(in thousands)	
Assets	30.06.2024	31.12.2023
10. Cash and cash equivalents	8,554,396	10,085,595
20. Financial assets measured at fair value through profit or loss	1,642,876	1,544,410
a) financial assets held for trading	733,943	672,598
b) financial assets designated at fair value	-	1,991
c) other financial assets mandatorily measured at fair value	908,933	869,821
30. Financial assets measured at fair value through other comprehensive income	5,121,297	6,859,241
40. Financial assets measured at amortised cost	110,447,195	110,189,971
a) loans to banks	7,599,913	8,382,610
b) loans to customers	102,847,282	101,807,361
50. Hedging derivatives	953,186	1,122,566
70. Equity investments	458,035	422,046
90. Property, plant and equipment	2,538,849	2,456,850
100. Intangible assets	675,890	648,981
<i>of which: - goodwill</i>	170,018	170,018
110. Tax assets	2,489,987	2,711,737
a) current	883,039	877,248
b) deferred	1,606,948	1,834,489
120. Non-current assets and disposal groups classified as held for sale	20,404	13,969
130. Other assets	6,495,238	6,072,993
Total assets	139,397,353	142,128,359

	(in thousands)	
Liabilities and shareholders' equity	30.06.2024	31.12.2023
10. Financial liabilities measured at amortised cost	120,488,719	124,511,471
a) due to banks	5,334,790	7,754,450
b) due to customers	104,378,673	104,854,552
c) debt securities issued	10,775,256	11,902,469
20. Financial liabilities held for trading	286,473	300,955
30. Financial liabilities designated at fair value	2,410,825	2,009,641
40. Hedging derivatives	237,356	266,558
50. Change in value of macro-hedged financial liabilities (+/-)	(143,947)	(155,184)
60. Tax liabilities	103,191	67,412
a) current	48,125	10,641
b) deferred	55,066	56,771
80. Other liabilities	4,046,188	3,993,288
90. Employee termination indemnities	133,230	149,492
100. Provisions for risks and charges	1,467,414	1,419,249
a) commitments and guarantees granted	107,374	123,323
b) pension and similar obligations	112,042	120,401
c) other provisions for risks and charges	1,247,998	1,175,525
120. Valuation reserves	170,588	151,396
140. Equity instruments	645,249	150,000
150. Reserves	5,302,571	4,206,666
160. Share premium reserve	1,237,512	1,236,525
170. Share capital	2,104,316	2,104,316
180. Treasury shares (-)	(8,323)	(2,250)
190. Minority interests (+/-)	191,819	199,328
200. Profit (Loss) for the period (+/-)	724,172	1,519,496
Total liabilities and shareholders' equity	139,397,353	142,128,359

Consolidated income statement as at 30 June 2024

Items	(in thousands)	
	30.06.2024	30.06.2023
10. Interest and similar income	2,558,481	2,236,727
of which: interest income calculated using the effective interest method	2,415,968	2,162,403
20. Interest and similar expense	(876,009)	(691,758)
30. Net interest income	1,682,472	1,544,969
40. Commission income	1,119,155	1,064,151
50. Commission expense	(115,471)	(100,892)
60. Net commission income	1,003,684	963,259
70. Dividends and similar income	37,093	25,135
80. Net income from trading activities	2,405	42,216
90. Net income from hedging activities	1,764	(2,398)
100. Gains (Losses) on disposal or repurchase of:	24,128	47,203
a) financial assets measured at amortised cost	20,169	34,538
b) financial assets measured at fair value through other comprehensive income	3,925	12,664
c) financial liabilities	34	1
110. Net income on other financial assets and liabilities measured at fair value through profit or loss	(6,950)	(20,474)
a) financial assets and liabilities designated at fair value	(15,598)	(33,298)
b) other financial assets mandatorily measured at fair value	8,648	12,824
120. Net interest and other banking income	2,744,596	2,599,910
130. Net impairment losses for credit risk relating to:	(174,491)	(268,832)
a) financial assets measured at amortised cost	(174,447)	(269,330)
b) financial assets measured at fair value through other comprehensive income	(44)	498
140. Gains (Losses) from contractual modifications without derecognition	(655)	2,896
150. Net income from financial activities	2,569,450	2,333,974
180. Net income from financial and insurance activities	2,569,450	2,333,974
190. Administrative expenses:	(1,706,201)	(1,417,415)
a) staff costs	(1,051,058)	(849,174)
b) other administrative expenses	(655,143)	(568,241)
200. Net provisions for risks and charges	5,995	(65,386)
a) commitments and guarantees granted	15,949	10,950
b) other net provisions	(9,954)	(76,336)
210. Net adjustments to property, plant and equipment	(80,378)	(78,682)
220. Net adjustments to intangible assets	(51,872)	(36,335)
230. Other operating expense/income	156,939	175,420
240. Operating costs	(1,675,517)	(1,422,398)
250. Gains (Losses) of equity investments	149,064	16,259
260. Valuation differences on property, plant and equipment and intangible assets measured at fair value	1,121	(386)
270. Impairment losses on goodwill	-	(6,768)
280. Gains (Losses) on disposal of investments	(129)	226
290. Profit (Loss) from current operations before tax	1,043,989	920,907
300. Income taxes on current operations for the period	(302,812)	(201,396)
310. Profit (Loss) from current operations after tax	741,177	719,511
330. Profit (Loss) for the period	741,177	719,511
340. Profit (Loss) for the period pertaining to minority interests	(17,005)	(14,960)
350. Profit (Loss) for the period pertaining to the Parent Company	724,172	704,551

Income Statement figures as at 30 June 2023 have been restated as a result of the reclassification of some cost/income components. More specifically, following the reclassification carried out, Commission expense included Euro 13.2 million worth of charges for payment services (previously classified under Other Administrative Expenses) and Other operating income included Euro 6.6 million in recovery of costs for services ancillary to lending (previously classified under Commission income).

Performance ratios ¹

Financial ratios	30.06.2024	2023 (*)
Structural ratios		
Net loans to customers/total assets	63.82%	62.07%
Net loans to customers/direct deposits from customers	75.67%	74.28%
Financial assets/total assets	19.04%	20.12%
Gross non-performing loans/gross loans to customers	2.76%	2.44%
Net non-performing loans/net loans to customers	1.32%	1.18%
Texas ratio	22.78%	21.82%
Profitability ratios		
ROE	16.22%	24.15%
ROTE	16.47%	23.94%
ROA	1.03%	1.24%
Cost/Income ratio	56.91%	50.59%
Cost of credit	0.20%	0.30%

(*)The comparative balance sheet ratios, together with ROE, ROTE and ROA, have been calculated on figures at 31 December 2023 as per the Integrated report and Consolidated financial report as at 31 December 2023, while income statement ratios have been calculated on figures at 30 June 2023.

The Texas ratio is calculated as total gross non-performing loans on net tangible equity (Group and minority interests) plus impairment provisions for non-performing loans. ROE has been calculated as annualised net profit for the period (only recurring component of Euro 697.7 million) on average shareholders' equity of Group not including net profit. ROTE is calculated as the ratio between the annualised net profit for the period (solely the recurring component amounting to Euro 697.7 million) and the Group's average shareholders' equity i) including net profit for the period (solely the recurring component amounting to Euro 697.7 million) stripped of the portion allocated to dividends then annualised and ii) excluding intangible assets and equity instruments. ROA has been calculated as annualised net profit for the period including net profit pertaining to minority interests (only recurring component of Euro 714.8 million) on total assets. The Cost/income ratio is calculated on the basis of the reclassified income statement (operating costs/operating income); when calculated on the basis of the recurring results (operating costs of Euro 1,395.9 million), the Cost/Income ratio is 50.61%; when calculated on the basis of the schedules provided by the 8th update of Bank of Italy Circular no. 262, the Cost/Income ratio is 61.05% (54.71% at 30 June 2023). Cost of credit is calculated as net impairment losses to loans to customers on net loans to customers at 30 June 2024. The annualized Cost of credit for the semester is 41 bps, down from 48 bps in FY2023.

Prudential supervision ratios	30.06.2024	2023(*)
Own Funds (Fully Phased) (in thousands of Euro)		
Common Equity Tier 1 (CET1)	8,153,163	7,736,303
Own Funds	10,579,398	9,663,855
Risk-weighted assets (RWA)	53,416,782	53,501,799
Fully Phased capital ratios and liquidity ratios		
Common Equity Tier 1 Ratio (CET1 Ratio)	15.26%	14.46%
Tier 1 Ratio (T1 Ratio)	16.47%	14.74%
Total Capital Ratio (TC Ratio)	19.81%	18.06%
Leverage Ratio	6.1%	5.5%
Liquidity Coverage Ratio (LCR)	161.4%	160.9%
Net Stable Funding Ratio (NSFR)	134.6%	128.4%

(*)The comparative balance sheet ratios have been calculated on figures at 31 December 2023 as per the Integrated report and Consolidated financial report as at 31 December 2023, while income statement ratios have been calculated on figures at 30 June 2023.

The capital ratios were calculated by including profit for the period for the portion not allocated to dividends, thus bringing forward the effects of the ECB's authorisation to include these profits in Own Funds pursuant to art. 26, para 2 of the CRR.

The Leverage Ratio has been calculated according to the provisions of Regulation (EU) 575/2013 (CRR), as amended by Commission Delegated Regulation (EU) 62/2015.

¹ To construct ratios, reference was made to the balance sheet and income statement items of the reclassified statements providing an operational management view as per the present Press Release.